

Message Text

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47

ACTION NEA-12

INFO OCT-01 EUR-25 ADP-00 INRE-00 CIAE-00 DODE-00 PM-09

H-02 INR-09 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01

SS-14 USIA-12 EB-11 COME-00 AID-20 STR-08 TRSE-00

OMB-01 T-03 INT-08 AGR-20 RSR-01 /174 W

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P R 131205 Z MAR 73

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC PRIORITY 1056

INFO USINT BAGHDAD

AMEMBASSY AMMAN

AMEMBASSY THE HAGUE

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY PARIS

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E. O. 11652: N/A

TAGS: ETRD, ETRN, ENRG, LE, IZ

SUBJECT: IRAQ BANS LEBANON IMPORTS; IPC FALLOUT?

REF: BEIRUT 2811 (NOTAL)

1. SUMMARY: IN A MOVE INITIALLY INTERPRETED AS RETALIATION FOR LEBANON' S MARCH 5 TAKEOVER OF IPC, IRAQ REPORTEDLY HAS BANNED LEBANESE IMPORTS AND TRANSIT TRADE VIA LEBANON. END SUMMARY

2. BEIRUT MORNING PRESS, QUOTING IRAQ NEWS AGENCY, REPORTS THAT IRAQ MARCH 12 ANNOUNCED BAN ON IMPORTS AND TRANSIT TRADE FROM LEBANON. EXISTING IMPORT PERMITS SUSPENDED BUT IRAQI ECONOMIC AUTHORITIES CAN MAKE EXCEPTION TO BAN. ANNOUNCEMENT DOES NOT INDICATE WHETHER IRAQI TOURISM TO LEBANON DIRECTLY AFFECTED, BAN ALLEGEDLY ATTRIBUTED TO NEED TO PROTECT DOMESTIC INDUSTRIES

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AND DEVELOPMENT PLAN.

3. PRESS SAID LEBANESE AUTHORITIES SURPRISED AT MOVE AND THAT GOL EMBASSY BAGHDAD HAS BEEN ASKED ASCERTAIN IRAQI MOTIVES. INITIAL PRESS INTERPRETATION IS THAT IRAQIS RETALIATING FOR MARCH 5 GOL TAKEOVER IPC LEBANON FACILITIES, THWARTING THEIR SALE TO IRAQ AS ENVISAGED IN PUBLIC VERSION MARCH 1 IPC- IRAQ SETTLEMENT.

4. ACCORDING 1971 TRADE DATA, LATEST AVAILABLE, IRAQ TOOK 8.5 PERCENT LEBANESE NON- GOLD EXPORTS, UP FROM ABOUT SIX PER CENT TWO PREVIOUS YEARS, AND IS LARGEST AREA TRANSIT TRADE CUSTOMER. IN 1971 LEBANON EXPORTS TO IRAQ WERE WORTH ABOUT 69 MILLION LEBANESE POUNDS (LL), IMPORTS FROM IRAQ WERE WORTH ABOUT LL96 MILLION, BUT ABOUT LL50 MILLION OF LATTER WAS IPC OIL FOR LEBANESE MARKET. LEBANESE EXPORTS PRIMARILY AGRICULTURAL BUT INCLUDE IMPORTANT AMOUNTS MEDICINES AND INDUSTRIAL GOODS. DIRECT NON- OIL IRAQI EXPORTS TO LEBANON CONSIST MOSTLY OF HIDES, OTHER ANIMAL PRODUCTS AND AGRICULTURAL PRODUCTS AVAILABLE ELSEWHERE.

5. THERE NO IMMEDIATE SIGN OF LEBANON COUNTER- MEASURES. IPC PIPELINE AND REFINERY OPERAING NORMALLY.

6. COMMENT: LOCAL TRADE CIRCLES TAKING BAN SERIOUSLY , EXPECT IT TO LAST AT LEAST A FEW MONTHS AND HAVE NO DOUBT IT INTENDED AS RETALIATION FOR GOL TAKEOVER IPC FACILITIES. WE TEND AGREE ALTHOUGH THERE ALREADY EXISTED TRADE FRIC- TIONS STEMMING FROM RENEGING BY LEBANESE MERCHANTS ON IRAQI CHICKEN FEED CONTRACTS WHEN MARKET PRICE ROSE ABOVE CONTRACT PRICE. SHOULD BE NOTED THAT, AS 1971-72 SYRIA- JORDAN BORDER CLOSURE DEMONSTRATED, THESE EMBARGOES NOT ALWAYS STRICTLY APPLIED. CANNOT PREDICT GOL REACTION BUT WOULD BE SURPRISED IF LEBANESE SHUT DOWN PIPELINE TO TRIPOLI, SINCE THIS WOULD HALT CRUDE SUPPLIES TO TRIPOLI REFINERY, WHICH SUPPLIES 60 PER CENT OF LOCAL MARKET.

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